

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

TITLE OF THE INITIATIVE	EU rules on administrative cooperation in the field of taxation – recast
LEAD DG (RESPONSIBLE UNIT)	TAXUD Unit D2 – Direct Tax Policy & Cooperation
LIKELY TYPE OF INITIATIVE	Legislative initiative
INDICATIVE TIMETABLE	Q2-2026
ADDITIONAL INFORMATION	https://taxation-customs.ec.europa.eu/taxation/tax-transparency-cooperation/administrative-co-operation-and-mutual-assistance/directive-administrative-cooperation-dac_en

This document is for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

The current [Political Guidelines of the European Commission](#) set the objective of making business easier and faster in Europe by cutting red tape and simplifying implementation. The [Commission's long-term competitiveness Communication](#) also sets a target of reducing burdens associated with reporting requirements by 25% for businesses and by 35% for small and medium-sized enterprises (SMEs), without undermining the policy objectives of the initiatives concerned. In this context, the Commission is working on a possible legislative proposal to recast the Directive on administrative cooperation in the field of taxation (DAC).

The DAC is the main piece of EU legislation governing administrative cooperation in direct taxation. This framework provides harmonised tools, including automatic exchange of information (AEOI), which enable Member States' tax authorities to cooperate efficiently and effectively in combating tax fraud, evasion and avoidance.

Over the past 10 years, the scope of AEOI has significantly increased to keep pace with international developments. Since 1 January 2015, information has been automatically exchanged on five categories of income and capital: (i) income from employment; (ii) pensions; (iii) directors' fees; (iv) life insurance products; and (v) ownership of and income from immovable property ([DAC1](#)). Since 2015, the DAC has been amended eight times to include reporting requirements and AEOI on: financial account information ([DAC2](#)); cross-border tax rulings and advance pricing agreements ([DAC3](#)); country-by-country reports ([DAC4](#)); cross-border arrangements presenting a potential risk of tax avoidance ([DAC6](#)); income received from platforms ([DAC7](#)); income received from crypto-asset service providers and operators ([DAC8](#)); information to operationalise the [Pillar Two Directive](#) ([DAC9](#)). The DAC has also been amended to allow tax authorities to have access to certain anti money laundering data ([DAC5](#)).

These differing reporting requirements have necessitated eight legislative amendments to the DAC. As there is no current consolidated legal text of the DAC, the Commission will assess whether consolidating the DAC and its eight legislative amendments ([DAC1-DAC9](#)) into one single legal instrument will simplify readability and clarity for all stakeholders.

A recent evaluation of the DAC has highlighted the need to simplify the reporting obligations for stakeholders to eliminate possible overlaps, inconsistencies or inefficient reporting, in a way that reduces

the administrative burden. This has been further supported by stakeholders consulted as part of the overall simplification exercise undertaken by the Commission.
Problem the initiative aims to tackle
<p>This initiative aims to tackle some of the problems identified in:</p> <ul style="list-style-type: none"> (1) the findings of the recent evaluation of the DAC; (2) the consultations carried out by the Commission on the simplification of the EU <i>acquis</i> on direct taxation; (3) the recommendations arising from the 2021 and 2024 special reports of the European Court of Auditors (ECA). <p>The evaluation of the DAC found that the frequency of amendments since 2011 has made the legal text more complex and less user-friendly. Both the evaluation and the 2024 special report of the ECA found that DAC6 was inconsistently applied by Member States, thereby increasing the administrative burden for business. The evaluation found that stakeholders considered some of the DAC6 hallmarks to no longer be fit for purpose and that in general the identification of taxpayers remained an issue, limiting the efficiency and effectiveness of the use of DAC data.</p> <p>During the consultations on simplification, business stakeholders stated that the non-alignment of the DAC4/DAC9 notification and reporting requirements would increase compliance costs. More generally they maintained that the possible duplication of reporting elements under different EU or national provisions might create an unnecessary administrative burden and limit the efficiency of the DAC. They also argued that the current reporting threshold for the sale of goods under DAC7 was inefficient and ineffective for the benefits obtained.</p> <p>In its 2021 special report, the ECA highlighted that the requirement to exchange only readily available information, combined with the absence of a mandatory requirement to exchange all DAC1 income categories, affected data completeness and led to some income escaping taxation.</p>
Basis for EU action (legal basis and subsidiarity check)
Legal basis
<p>The DAC and its amendments are based on Articles 113 and 115 of the Treaty on the Functioning of the European Union (TFEU). Article 113 of the TFEU provides the legal basis for the harmonisation of Member States' legislation on indirect taxation, as far as is needed to ensure the establishment and functioning of the internal market and to avoid distortion of competition. Article 115 of the TFEU provides for the approximation of such laws, regulations or administrative provisions of the Member States, which directly affect the establishment or functioning of the internal market. Under these legal bases, the Council, in its capacity as a decision-making body under the Treaties, must act unanimously in accordance with a special legislative procedure, and after consulting the European Parliament and the Economic and Social Committee.</p>
Practical need for EU action
<p>The DAC and its eight amendments are EU legal acts, aimed at ensuring that there is a coherent, consistent and comprehensive EU-wide approach to administrative cooperation and exchange of information within the internal market. To effectively tackle the current inefficiencies that inhibit the effective functioning of the DAC and to achieve the political objectives of reducing the administrative costs and burdens for EU businesses, in particular SMEs, there is a need for EU action to amend the existing DAC <i>acquis</i>. EU action will ensure that the DAC evaluation findings, the ECA recommendations and the feedback from business stakeholders and Member States can – where appropriate – be implemented in a uniform manner without undermining the DAC's policy objectives.</p>

B. Objectives and policy options

The objectives of this initiative are two-fold:

- (1) To simplify and clarify reporting obligations under the DAC, with the aim of reducing the associated burdens for business stakeholders.
- (2) To implement targeted improvements, with the aim of improving the overall functioning of the DAC.

First, the Commission will assess whether these objectives can be achieved by consolidating the DAC and all its amendments into a single legal instrument. This will make the text more coherent and clearer for all stakeholders. The Commission will also assess several policy options to simplify and streamline the legal framework. This will involve eliminating possible duplications of reporting elements and addressing possible inconsistent and/or inefficient reporting obligations. As regards DAC6, the Commission will carefully analyse and consider the need for possible amendments to the reporting hallmarks. To improve the identification of taxpayers reported under the DAC, the Commission's policy options will be informed by the outcomes of the current study on the feasibility of introducing a common identifier and its associated verification mechanisms. The Commission will also assess the need to revise the current reporting thresholds for the sale of goods under DAC7. Lastly, the Commission will consider policy options to improve the scope and completeness of information exchanged under DAC1, by introducing certain mandatory requirements.

C. Likely impacts

This initiative is expected to contribute positively to achieving the objectives set out in the [Commission's long-term competitiveness Communication](#) of reducing the burdens associated with reporting requirements for certain businesses, including SMEs, under the DAC. The Commission will assess whether these objectives can be achieved by introducing targeted legislative measures that reduce the existing administrative costs associated with reporting obligations for third-party reporting entities under the DAC. These third-party reporting entities may include some or all of the following: financial institutions, multinational enterprises, intermediaries, digital platform operators and crypto-asset service providers. The expected distribution of these positive impacts across the EU will be attributed to the Member State where the reporting entity is obliged to report.

D. Better regulation instruments

Impact assessment

In line with the European Commission's better regulation policy for developing initiatives, the Commission will conduct an impact assessment to support the preparation of this initiative. The impact assessment will be informed by the best available knowledge and data and will incorporate relevant feedback obtained from this call for evidence and the related public consultation. The impact assessment will focus on key aspects of the initiative and will seek to estimate how the proposed policy options will help reduce compliance costs for business, while upholding high standards and achieving economic, social and environmental goals. This will be in line with the Commission's simplification objectives.

Consultation strategy

In parallel with the publication of this call for evidence, a public consultation has been launched to collect the views of stakeholders on the main policy options and their possible cost savings. The public consultation will be accessible via the Commission's 'Have your say' portal. Responses can be submitted in any official EU language, and participants may upload additional documents. The Commission will also consider the feedback indicated below.

- The [call for evidence](#) and the [public consultation](#) carried out in the context of the DAC evaluation.
- The extensive consultations of Member States and business stakeholders carried out for the simplification exercise for the EU *acquis* on direct taxation. These targeted consultations focused on the corporate tax

<p>Directives, the Anti-Tax Avoidance Directive and the DAC, with the aim of collecting input on the existing problems to be tackled.</p> <p>- Further targeted consultations of Member States and relevant business stakeholders which were carried out to inform the DAC recast proposal. These consultations focused on the policy options to address the identified problems.</p>
<p>Why we are consulting</p> <p>As the DAC evaluation was finalised very recently and stakeholders have already been consulted extensively on the existing problems, the present consultation activities focus on specific issues that have not been sufficiently covered by the previous consultations. They aim to collect stakeholders' views on:</p> <ul style="list-style-type: none"> (1) some of the policy options to simplify, clarify and improve the current functioning of the DAC; (2) the compliance costs associated with some existing reporting obligations; (3) the potential savings stemming from some of the policy options. <p>This will allow for the collection of detailed information which will inform the legislative proposal and enable the Commission to assess the likely impact of the different policy options.</p>
<p>Target audience</p> <p>The public consultation will target the widest possible set of stakeholders, including but not limited to: business associations, business consultants, lawyer associations, financial institutions, multinational enterprise groups, SME groups, tax intermediaries, digital platforms, crypto-asset service providers, non-governmental/civil society organisations, national administrations and academia.</p>